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11-27-78 By: 35

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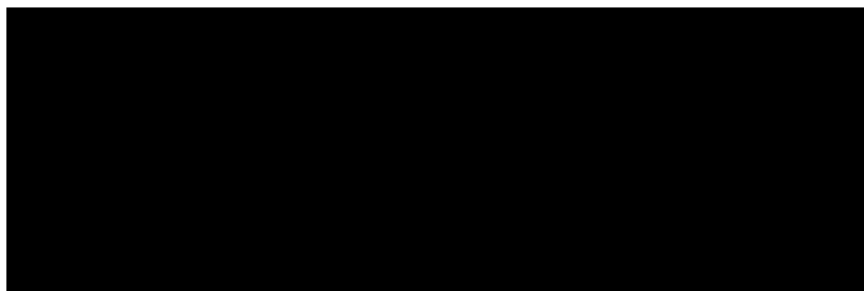
19 November 1954

MEMORANDUM FOR: Director, Central Intelligence Agency

THROUGH : Comptroller  
Deputy Director (Administration)

SUBJECT : TDY Trip by Chief, Finance Division

1. In accordance with appropriate travel orders, the undersigned departed Headquarters 19 September 1954, on a temporary duty trip at stations located at the following points:



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2. The purpose of the trip was the review of financial operations and orientation in field activities.

3. In general, review of financial operations and discussions with Senior Officials indicate that application of policies and procedures is such as to assure sound and effective financial administration. Problem cases currently being handled, for the most part, had their origins some years back and the financial practices evidenced by those cases are in marked contrast to the quality of administration in this area today.

4. Regulations and procedures pertaining to financial administration and reporting appear to be practicable, and for the most part not unduly burdensome in application at the field level. Recent revision in procedures prescribed for larger stations seem to have been particularly well received. Some criticism of procedures provided smaller units was received. Continuing efforts will be required to review and revise these procedures so that maximum simplification consistent with adequate financial control may be obtained.

5. Many problems of a generally routine nature were encountered. These were resolved on the spot or will be handled to conclusion by appropriate Headquarters action and coordination with the Area Division concerned. Certain items or impressions appear to be of sufficient significance or general interest as to merit discussion here.

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a. Decentralization of Certifying Authority to [REDACTED]

Bases. Based on review of methods of operations and apparent capabilities of personnel, recommendation was made to the Senior Representative, [REDACTED] that responsibility for certification of accounts be placed with the bases rather than Mission Headquarters. Such recommendation was made in the belief that its adoption would (1) provide more effective control nearer the source of transactions, (2) provide more effective and efficient financial support, (3) eventually reduce requirements for finance personnel and (4) enable the Audit Office to institute a true site audit in the Mission. This recommendation had the support of the Chief, Audit Office, who accompanied the undersigned to the [REDACTED]. The Senior Representative indicated that the recommendation would receive his careful consideration. Subsequent informal advice indicates that the Mission is taking steps to implement the proposal.

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b. Communications on Technical Finance Matters. At several stations, concern was expressed over the problems and delays encountered in obtaining action on technical finance matters because of the inclination on the part of non-technically qualified Division people to attempt to handle such matters.

This problem has been the subject of a special study by the Management Improvement Staff, which group has recommended that Finance Division be authorized to release correspondence regarding technical financial matters, and that field correspondence regarding financial matters be transmitted direct to Finance Division by Registry. These changes are incorporated in [REDACTED] which is now in process of coordination for release.

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c. Need for Finance Qualified Personnel. The Office of the Comptroller has long held that minimum standards of financial control and reporting requires the assignment of qualified Finance Officers or finance trained administrative personnel to all stations handling significant amounts of funds.

Observations during this trip served to strengthen this view. None of the stations visited which were without the services of a Finance Officer or finance qualified administrative officer can be considered as maintaining or being capable of maintaining adequate standards for the control of and reporting on financial affairs.

During recent months there has been a marked increase in the number of finance qualified personnel assigned to administrative positions in smaller stations. There is, however, no firm requirement that personnel assigned to such positions be fully qualified to handle financial responsibilities. It is my opinion that such requirement should be established and appropriate recommendation will be made, through channels, to the Deputy Director (Plans).

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d. Conversion of Foreign Currency. Considerable discussion of the exchange problems in [REDACTED] was had with the officials there. Nothing new was presented to add to the reports on this problem which have already been submitted. The Chief of Station indicated that policy determinations had been received and were, for the most part, being accepted by the personnel.

Question was presented, however, as to whether it would not be possible to make payment of staff agent allowances in local currency in the field rather than by dollar deposit in the States.

Regulations and procedures are being re-examined with a view to revision so as to provide for payment of allowances to the feasible extent in the same manner as staff employees.

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e. Agency Furnished Housing. Administration and application of the Agency housing program [REDACTED] continues to be a matter of concern at most stations. Questions involving application of the regulation, cost of housing furnished in relation to allowances, procurement of and control of furniture and equipment were common to all areas.

Since these matters have been the subject of Inspection and Review and other reports by previous visitors to the field, they are mentioned here only to indicate that the problem continues to be a matter of concern.

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6. During the visit [REDACTED] at the request of the Chief of Mission, local officials of the [REDACTED] Intelligence Service were advised regarding budget and financial procedures. Also, at the request of the Chief of Mission and the local officials, commitment was made to send a Finance Officer [REDACTED] for two weeks TDY for the purpose of assisting the Finance Officer of the local service establish his financial records and procedures. Specific arrangements in this matter will be completed during the impending visit of the Chief of Mission to Headquarters.

[REDACTED]

Chief, Finance Division

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